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ANNUAL REPORT - 1964



.... is a business-managed, tax-paying, investor-owned public utility. It supplies electric service to approximately 105,000 customers or half of the electric customers in the Province. The area served has a population of more than 340,000 and includes greater Halifax and Dartmouth, the Annapolis Valley and a number of areas and communities in central and southwestern portions of the Province.

The Company's generating equipment includes both hydro and thermal plants, having a total capability of 220,000 kilowatts. A new high efficiency 100,000 kilowatt thermal plant will be added in 1965.

All high voltage transmission lines are interconnected into a main transmission system which provides a backbone for reliability and future growth. This system is also connected to the Interprovincial Grid Line which ties together the major utilities in Nova Scotia and New Brunswick.

The Company operates a mass transportation system within the City of Halifax, using electric trolley coaches and diesel buses.

The Company has contributed to Nova Scotia's growth and development by providing an adequate supply of low-cost electricity; by meeting all demands for service promptly and in full; by building ahead to meet steadily-growing future needs; by participating in worthwhile community affairs, and by co-ordinating its own industrial development efforts with those of Civic and Provincial Governments and others.

FRONT COVER AND THE ARTIST

In the grey mist of the forenoon the small fishing sloop, little sister to the once majestic windjammers, bobs at her mooring.

She has done her day's work for she was out on the "grounds" and back again before most people were out of bed. Her catch of cod, mackerel, herring, halibut or maybe haddock is cleaned and stored. Maybe it was that delicacy of the sea, the succulent lobster, and the traps are due for repair.

The men are mending the nets from the sea's rot and restlessness. Perhaps a ferocious dogfish tore a rent to get at the enclosed prey.

An interested and calculating gull perches on the roof above the sail loft. Some of her livelihood depends on the work of the menders.

In this intimate scene, the sensitive brush of W. E. DeGarthe, F.I.A.L., has depicted the interdependence of man, the sea, the good earth and all life.

He has done more. The patient labor of man is the key to his destiny and fulfillment.

Copies suitable for framing are available upon request to the Secretary.



**NOVA SCOTIA
LIGHT AND POWER
REPORTS FOR THE YEAR**



MAY 17 1965

. . . . to inform the stockholders of the progress of company operations and the use that has been made of the funds they provided to make possible the existence and continued growth of the business.

. . . . to tell the employees, who are devoting their careers to the business, the results that have been accomplished through their endeavours.

. . . . to assure the people and communities we serve that we have forward looking plans to meet fully and economically the growing needs for electric service.

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HIGHLIGHTS OF 1964 . . .



● GROWTH WAS IMPROVED

Economic growth of Nova Scotia accelerated again in 1964. New industries, expansion of traditional industries and the further concentrated effort being put behind the economy by such programs as Voluntary Economic Planning, point to even faster future growth.



● HIGHER REVENUES WERE ACHIEVED

Revenues rose 5.8% over 1963 to reach \$22,527,957, the highest ever recorded. Larger business volume and wider acceptance of electric living contributed to the gain.



● GREATER SALES

Increased sales effort, the continued buoyancy of the economy, and more customers, pushed sales to a new high of 1,027,659,496 kilowatt hours. Sales to the Company's regular customers were up 8.76% over 1963.



● OPERATING EXPENSES DECLINED COMPARED WITH REVENUE

Operating expenses, which rise with increased sales and the effects of inflation, were held down through improved efficiency. Excluding fuel costs, the expenses increased only 1.5% over 1963.



● EARNINGS WERE INCREASED

Earnings on Ordinary Stock increased to \$1.65 per share compared with \$1.53 in 1963.



● THE SUBSIDIARY COMPANY WAS CONSOLIDATED

Approval was obtained to consolidate the Milton Hydro Electric Company, Limited, effective December 31, 1964.



NOTE TO STOCKHOLDERS AND EMPLOYEES

After you have read this report, you can help to broaden the public's understanding of your Company's policies and progress by passing it on to a friend or neighbour.

YOUR
DIRECTORS REPORT
FOR THE YEAR

1964

A strong balance sheet coupled with the largest volume of sales, the greatest gain in business and the highest earnings yet recorded, make 1964 the best year in the Company's history.

Though somewhat better than expected, these results were carefully planned for.

They were needed to reinforce the Company's ability to absorb the impact of the new Tufts Cove Generating Plant in 1965.

They were achieved through capable management, skillful operation, intensive sales effort, and the fine performance of the whole employee force.

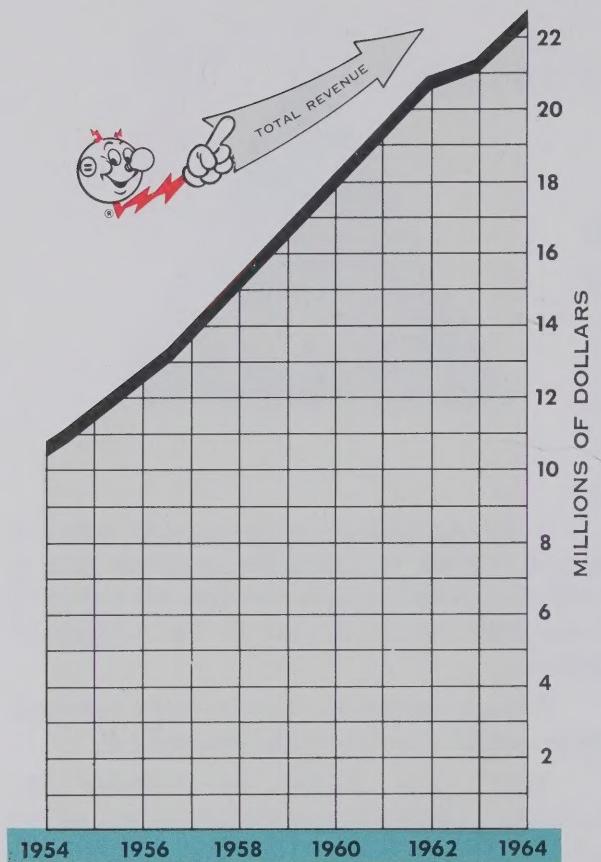
The continued buoyancy and improvement in Nova Scotia's economy provided the essential fertility and climate for the growth that was achieved.

FINANCIAL

Consolidated revenues of \$22,527,957, the highest ever achieved, were recorded in 1964. The full effect of the 1963 rate reduction has now been absorbed and with continued load growth, annual revenue increases will follow these growth trends. Continued concentration on work simplification and method improvement has enabled the Company to control constantly rising costs of operation. During 1964, operating expenses, excluding fuel costs, showed an increase of only 1.5% over 1963. Fuel costs alone rose sharply because of higher bulk sales

of power to The New Brunswick Electric Power Commission over the Interprovincial Grid Line.

In February, 1964, the Company made application to the Nova Scotia Board of Commissioners of Public Utilities for permission to issue \$10,000,000 First Mortgage Bonds to help finance construction of the new thermal generating plant at Tufts Cove. This financing, which received Utility Board approval, was arranged in two instalments of \$5,000,000 each, on April 1st and October 1st, 1964. A further issue of First Mortgage Bonds is anticipated for 1965.



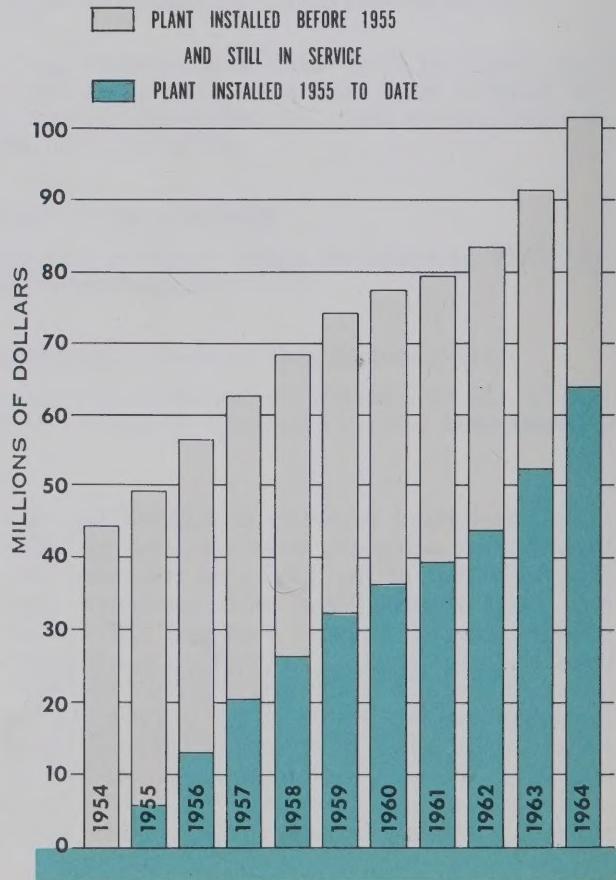
Revenue and Expenses—

Consolidated revenues for 1964 showed a 5.8% increase over the previous year, up \$1,237,514. Transit Division results, though improved over the previous year, were still discouraging. A continuing downward trend in revenue passengers carried on the system during the year was the major cause of a loss of \$70,053 in 1964. This improvement in the loss position (\$184,556 in 1963) was achieved through increased efficiency in maintenance and servicing of vehicles and operation of terminal facilities. Decrease in revenue passengers for the year was 758,749 compared with a decrease of 983,801 in 1963.

Total operating expenses from Consolidated Statement of Income, including fuel costs, increased by 7.1% to \$16,818,901 during 1964.

Complete details of the operating results for 1964 with comparable figures for 1963 for Nova Scotia Light and Power Company, Limited, and Consolidated Statements for Nova Scotia Light and Power Company, Limited, and its wholly-owned Subsidiary Company, are pre-

INVESTMENT IN PLANT



Subsidiary Company—

Further consideration was given, early in 1964, to the relationship between Milton Hydro-Electric Company Limited, the one remaining subsidiary, and the parent Company. As a result of this study, application was made to the Nova Scotia Board of Commissioners of Public Utilities on June 30, 1964, for an order approving the sale by the Milton Company of its property, assets and undertakings and the purchase thereof by the Nova Scotia Light and Power Company, Limited. A decision approving this application was handed down on November 9, 1964; the sale and purchase to be effective December 31, 1964. The consolidation of this, the last remaining subsidiary, with the parent company, will result in reduced operating expenses and improved operating efficiency. The application of parent company rates for electric service will result in a small overall reduction in revenue from the former Milton Company customers.

sented on pages 24 to 32 of this report. With the sale of the Assets and undertakings of the Milton Hydro-Electric Company, Limited to the parent company effective December 31, 1964, the consolidated statements, shown on pages 24-27 of this report, will not appear in future.

Earnings and Dividends—

Net income transferred to Consolidated Statement of Retained Earnings for 1964 was

\$3,214,462, an increase of \$200,460 over 1963. Earnings per Share of Ordinary Stock on the 1,631,059 shares outstanding December 31, 1964 were \$1.65, up from \$1.53, recorded in 1963. Stock purchases under the Employee Stock Purchase Plan amounted to 4,863 shares by the 290 participating employees.

Ordinary Dividends, paid for the thirty-fifth consecutive year, amounted to \$1,629,301. Preference shareholders received \$530,557 at the designated rates.



COMPARATIVE FUNDS STATEMENT

**NOVA SCOTIA LIGHT AND POWER COMPANY, LIMITED
AND WHOLLY-OWNED SUBSIDIARY COMPANY**

In addition to general expenses

WE EXPENDED FOR

	1964	1963
Net Property and Plant Additions (see note below)	\$11,144,784	\$ 8,371,813
Increase in Inventory of Materials and Supplies	12,673	141,187
Sinking Funds for Bond Redemptions	494,284	447,689
Dividends to Stockholders	2,159,858	2,073,910
Miscellaneous Items	(32,632)	(110,226)
	<hr/>	<hr/>
	13,778,967	10,924,373
Increase (Decrease) in Working Capital (Inventories not included)	3,020,118	(4,632,329)
	<hr/>	<hr/>
	<u>\$16,799,085</u>	<u>\$ 6,292,044</u>

THESE FUNDS CAME FROM

Net Income for the Year	\$ 3,214,462	\$ 3,014,002
Amounts Charged not Requiring Funds (Depreciation, Amortization, etc.)	3,010,466	2,894,870
Sale of 5 3/4 % Bonds	10,000,000	—
Sale of Ordinary Shares	93,804	74,600
Accumulated Income Tax Applicable to Future Years	480,353	308,572
	<hr/>	<hr/>
	<u>\$16,799,085</u>	<u>\$ 6,292,044</u>
NOTE: Total Expended for New Property and Plant	<hr/>	<hr/>
	<u>\$11,284,621</u>	<u>\$ 8,557,847</u>

GENERAL OPERATION . . .

Underlying the general operation for the year was the planning and preparation to receive the new Tufts Cove Generating Plant into both the financial and operational structure of the Company during 1965.

The planning actually started several years ago when the decision was made to build the plant and, as construction progressed, more and more emphasis was given to it.

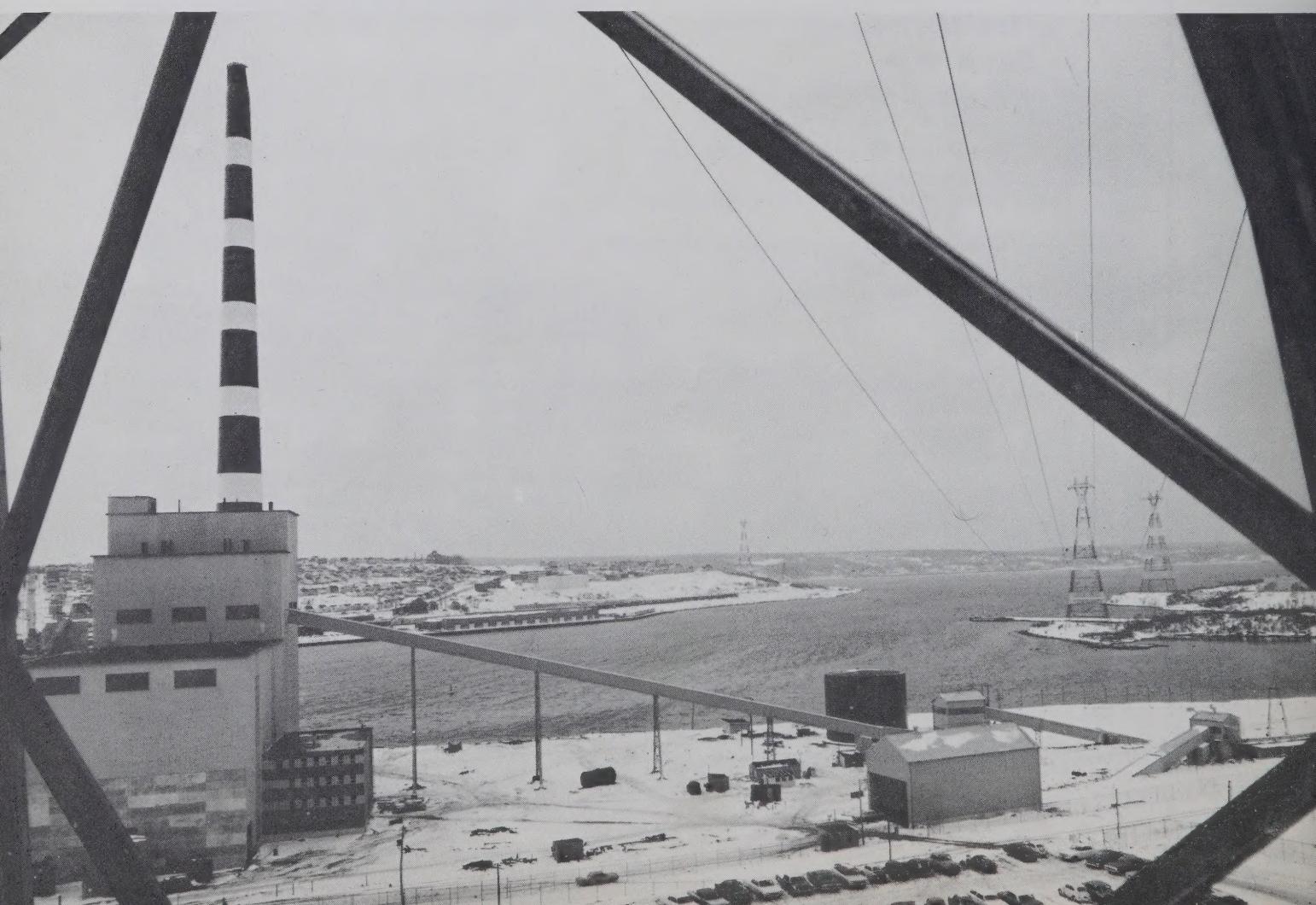
When this new generating plant is completed in mid 1965 it will have two significant effects. Its 100,000 kilowatt capacity will add almost fifty per cent to the generating capability of the Company's system. Its \$18,000,000 cost will add about twenty per cent to the total capital invested in plant and equipment. It will be the largest single addition to plant ever made by the Company.

Part of the planning is the continued drive for more efficient operation. Measurable results are being achieved. Operating expense declined compared with revenue. This gain was accomplished in spite of the fact that, due to less rainfall, hydro production was not as great as in 1963. The improvement can be attributed to

close control of expenditures; reduced costs through the wider use of mechanized equipment for the maintenance of transmission and distribution lines; economies resulting from the increased use of data processing equipment in billing, accounting and related procedures in cost control.

The Company's training programs also contributed to the improved efficiency through the better performance of the whole work force, through better communication and understanding, and through more competent supervision at all levels of management.

Over the past few years subtle but significant changes have been made to keep policies and concepts abreast of changing conditions and markets. The greater dependence on electricity demands improving and broadening concepts of service. Greater sales effort was put forth and some appropriate changes were made in the form and pricing of electric rates to offset competition from other fuels and energy sources. The Company's success in meeting these challenges is shown in its continuing growth.



The Company continued to develop close relationships with other utilities in Nova Scotia and New Brunswick. The integration of generation and transmission with and by these utilities continues to pay dividends in the form of operating economies which react to the benefit of all electric customers in both Provinces.

The major problems faced by the Company in using Nova Scotia coal appear to be over. For many years the Company has supported the coal industry in Nova Scotia by using coal as the basic fuel for thermal generation, even though its cost was higher than other available fuels. This support of the coal industry was and still is important to the general economy of the Province. During 1964 a one-year contract was signed with the coal producers under the terms of which coal is now received at prices which are competitive with other fuels. A further long-term contract is under negotiation. More comprehensive federal assistance policies for the coal producers recognize that the economic problems of the coal industry should be dealt with by policies directed to that industry and not confused with the utility industry.

The Company's overall fuel cost will be reduced substantially. The reduction will have two significant effects. It will assist the Company to hold the line in the pricing of electric rates against the pressures of generally rising costs and heavy capital expenditures. It will also have the immediate effect of lowering the cost of electricity to most industrial and commercial users because their month-by-month billing under existing electric rates varies with the average cost of fuel to the Company.

About mid-year a new customer service department was set up to co-ordinate all telephone inquiries, customer and meter records, as well as repair service calls. Improved results are already apparent. Customers are getting faster and better service. Costs to the Company are less than they were before.

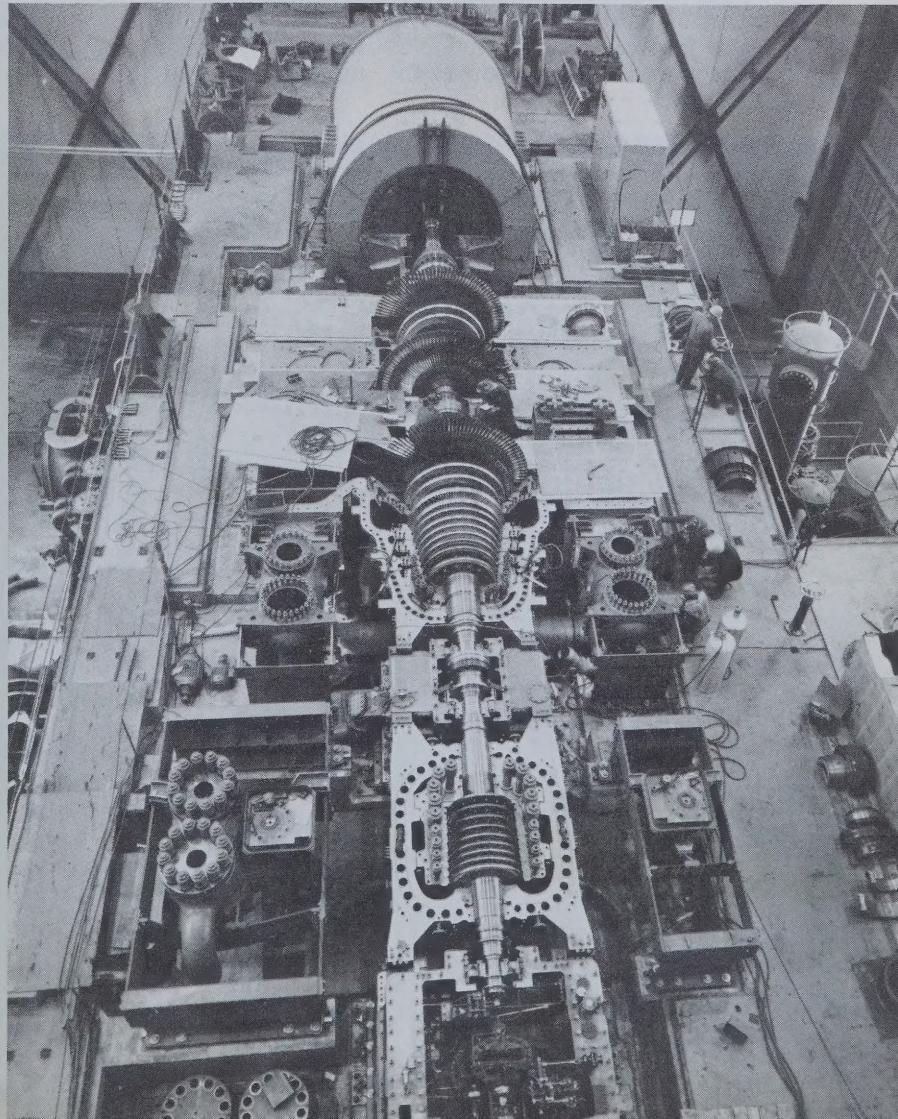
Throughout the year all of the Company's facilities and equipment were maintained in excellent condition; all demands for service were met on time, and the whole operation of the Company ran smoothly and efficiently.

7

The new Tufts Cove Plant with its 500 foot high chimney appears like a sentinel over the surrounding landscape. It was here in the "Narrows" that the disastrous Halifax explosion of World War One took place when two ammunition ships collided.

Beyond is Bedford Basin where merchant and naval ships assembled for convoy during both world wars.

At the end of the year, construction both outside and inside was well advanced. The assembly of the turbo-generator . . . a sight not often seen . . . calls for craftsmanship and accuracy of the highest order. It must be balanced more carefully than the finest watch. The turbine rotates at 3,600 revolutions per minute. At this speed the outer rim of the turbine blades travels at more than 800 miles per hour—faster than the speed of sound.



ELECTRICAL PRODUCTION . . .

New records were established in peak load, total production and in the amounts of energy exchanged over the Interprovincial Grid System.

Peak load on the Company's consolidated system topped the 200,000 mark for the first time and was recorded at 202,400 kilowatts. Over the past five years the system peak load has shown an average growth rate of 7.63 per cent, which is somewhat greater than either the Canadian or United States national averages.

Energy requirements for the system rose to 978 million kilowatt hours, an increase of 86 million or 9.67 per cent. This growth is significant, especially when compared with the Canadian average of 8 per cent and the United States average of 7.2 per cent.

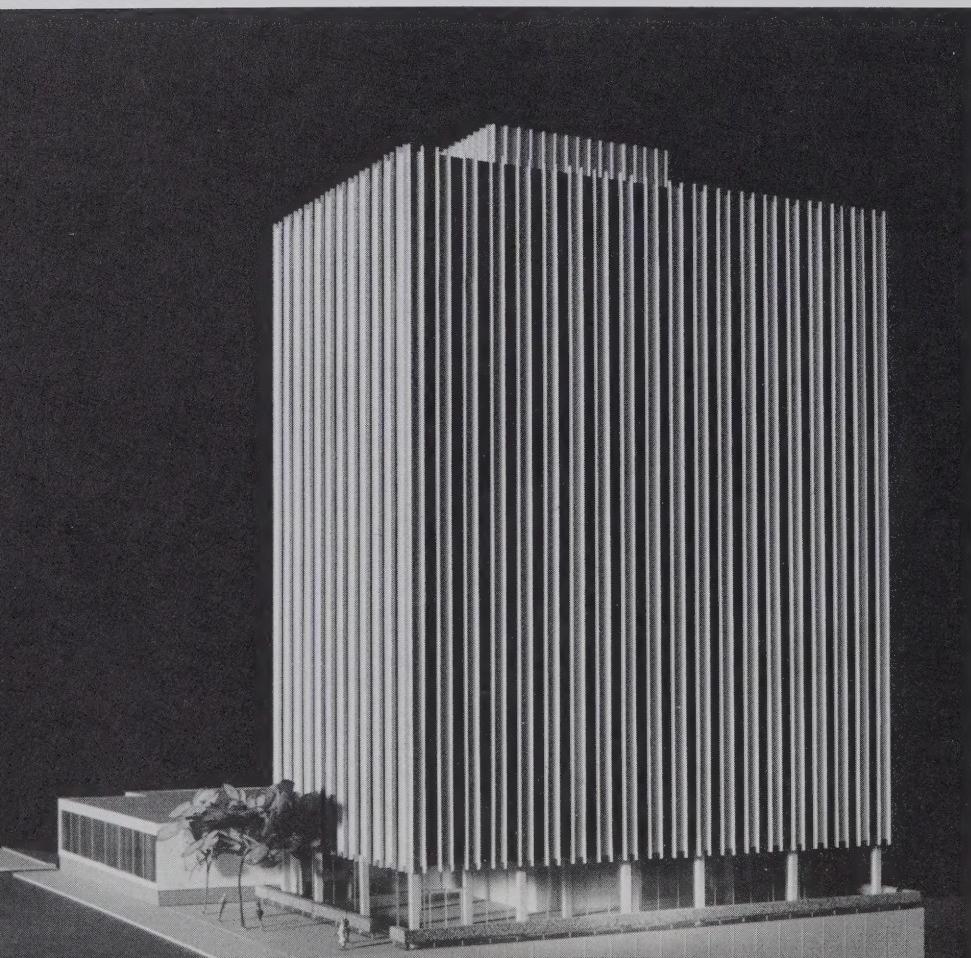
In yearly production, the billion kilowatt hour mark was passed for the first time. The recorded figure at the year's end was 1,062 million kilowatt hours.

Interchange of power over the Grid System was greater in 1964 than in any previous year. This is one indication of the fine degree of integration that is being achieved between the utilities in Nova Scotia and New Brunswick. The Company purchased 117.9 million kilowatt

hours and sold 128.7 million for a total interchange of 246.6 million.

During the fall when the flow on the Saint John River was lowest, and the State of Maine was also experiencing hydro shortages, the Company exported large amounts of energy to New Brunswick. Some of this energy was in turn exported to utilities in the State of Maine. In this way the thermal generating plants in Nova Scotia supported both New Brunswick and Maine, thus adding to the reliability of power supply for the whole economic region. This integration of Nova Scotia's thermal generation with the hydro resources of New Brunswick and Maine indicates the possibility of future markets.

On the other hand, during the spring run-off period on the Saint John River, the New Brunswick Commission run their hydro plants at full load. This relieves their thermal plants and makes available certain amounts of attractively priced thermal energy. Your Company makes it a practice to schedule the maintenance work on its own larger thermal machines at this time. The cost of this economy energy bought from New Brunswick is less than the cost of producing it on our older and less efficient units.



Tenants in this new 12-storey office building, now under construction in Halifax, will work in an ideal atmosphere . . . electrically heated and completely air-conditioned. It is the first of its kind in the Atlantic Provinces.

Probably the largest electrically heated building in Canada. Construction is well advanced and "ready for occupancy" is scheduled for the latter part of 1965. The 400 luxury apartments in this 21-storey building will provide the occupants with all the comforts and conveniences of electric living.

The Company's all-electric rate serving buildings such as these, through a single electric meter, provides economies in construction. Operating costs will also be lower than with other forms of heating.

In thermal production, new records were established and substantial assistance was given to other utilities in Nova Scotia and New Brunswick.

The Water Street Plant produced 870.4 million kilowatt hours for a new record and an increase of 38.7 per cent over the 1963 figure.

The record thermal generation resulted in more efficient operation which lowered the unit cost of production to 5.77 mills compared with 6.22 mills in 1963.

Nova Scotia coal remained the basic fuel and 227,657 tons were used during the year. Working in co-operation with the coal producers, the Company adjusted its use of various fuels throughout the year so that the coal producers, from the supplies available, could give priority to meeting the requirements of newly established markets in other Provinces.

At the beginning of the year, hydro storages were 59 per cent full and snow cover in the watershed area was reasonably good. However, cool, damp weather prevailed throughout most of the year, rainfall was well below normal, and storages were low. Similar conditions prevailed in New Brunswick.

December provided contrast. Precipitation was 44 per cent above normal. The first half

of the month brought heavy snowfall; the last half, mild weather and rain.

Hydro storages rose sharply in December and were 63 per cent full at the end of the year. This excellent position, planned but not thought possible earlier in the year, will help to reinforce operating results in 1965.

Through careful operation, hydro production reached 192.5 million kilowatt hours. This was 18 per cent below the record production of 1963. The lowered production had the effect of slightly increasing the unit cost of hydro energy.

The story of purchased power for 1964 is quite different from that of former years. Low rainfall in both Provinces caused a drastic drop in the amount of excess hydro power available as well as the periods of availability. It was possible to purchase only 11.5 million kilowatt hours.

Of the total energy requirements for the year, 68 per cent was produced by thermal generation at the Company's Water Street Plant; 19.6 per cent came from Company-owned hydro plants; the balance, 12.4 per cent, was made up by purchased hydro and thermal energy in about equal amounts.



To fulfill the requirements of good corporate citizenship, and to be successful in our own business, we must not only keep ahead of the pace of economic and industrial expansion—we must contribute to it.

The economic growth in Nova Scotia continues to move ahead at an ever-increasing rate. To keep pace with it, your Company's expenditures for new construction in 1964 were higher than ever before and amounted to \$11,284,621. Capital expenditures for the year 1965 are forecast to be in the order of \$11,000,000. The main items in the present construction program will be completed. Generating and distributing equipment will then be in an excellent position to meet demands over the next several years. Consequently, if present growth trends continue, capital expenditures in 1966 and 1967 can be reduced to \$6,000,000 and \$7,500,000, respectively. Under these conditions, overall operating results should show continued improvement.

The largest single project in the construction program is the building of the Tufts Cove Generating Plant. The first stage, rated at 100,000 kilowatts and costing \$18,000,000, is scheduled for operation in mid 1965. Site-preparation work started in 1962. Actual construction began in 1963 and has continued since that time.

At the end of 1964, the power house building and the 500 foot high chimney were completed, the erection of the main boiler and most of the auxiliary equipment was almost completed and the installation of the coal-handling equipment, having a capacity of 400 tons per hour, was well advanced. Initially, coal will be

delivered by rail; later, when conditions warrant, additional facilities will be added to handle bulk shipments by water transport. Though the plant has been specially designed to burn Nova Scotia coal as the basic fuel, provisions have also been made to burn oil so that overall reliability will be improved. A 24,000 barrel oil storage tank, together with the necessary pumping and handling equipment, was installed.

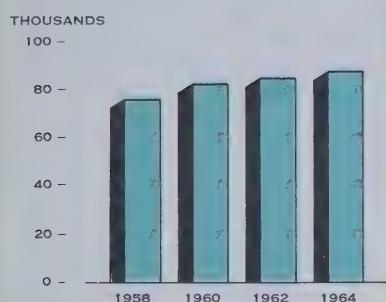
The delivery of the 100,000 kilowatt turbo-generator was delayed for about six months due to labor strikes and other difficulties experienced by the manufacturers. However, it was received in late December and installation is being rushed on a two-shift basis to maintain the planned construction schedule.

Year after year your Directors have reported the extensions and reinforcements of service facilities that were made to meet growing demands. The story for 1964, though similar, has this difference: the tremendous increase in the use of electricity required more substantial reinforcements to be made in more parts of the Company's service area than ever before.

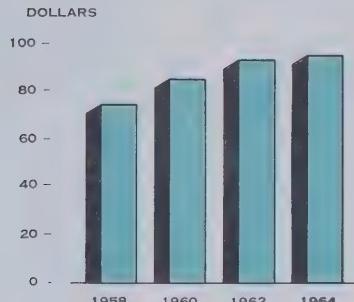
The 69,000 volt transmission system was extended from Onslow to Brookfield to supply the new Canada Cement Company's project which is now under construction. Work was started on a 69,000 volt extension from Barrington to Woods Harbour. In Dartmouth, a short extension is under construction to supply Imperial Oil's new Flusolex Research Centre. Work was started on two 138,000 volt lines running from Hammonds Plains to Lower Sackville.



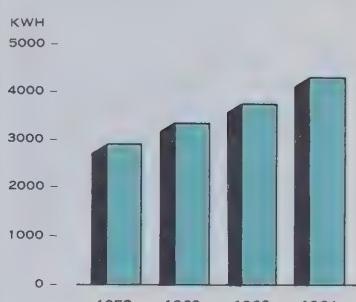
DOMESTIC METERS



ANNUAL AVERAGE REVENUE



ANNUAL AVERAGE USE



FOR FURTHER DETAILS SEE STATISTICS, PAGE 22

At Armdale substation in Halifax the capacity of the 69,000 to 23,000 volt transformers was increased from 35,000 to 50,000 kva. A start was also made on two major substations that are needed to reinforce the main transmission network. They will be completed in 1965. One is located at Lower Sackville and will have a capacity of 50,000 kva. It will provide a tie for the 138,000 and 69,000 volt system. It will also strengthen the connections with the Company's lines to the Annapolis Valley as well as those extending along the South Shore, which interconnect with the Nova Scotia Power Commission. The other major substation is at Orlow and will have a capacity of 20,000 kva. It will provide an important tie between the Company's 69,000 volt system and the 138,000 volt Interprovincial Grid System.

The 23,000 volt system was extended from Earltown to Tatamagouche to reinforce supply facilities in the face of growing loads in that area.

To keep ahead of increasing demands in Halifax, the transformer capacity at Proctor Street Substation was doubled to reach 13,400 kva. Feeder capacity was also increased at this point as well as at the Beaufort and Young Street Substations. A site was purchased and engineering designs were completed for a new 7,500 kva substation on Yale Street. It is needed to provide for the load growth that is taking place in that part of the city. It will be built in 1965.

At Herring Cove Substation capacity was increased from 3,000 to 5,000 kva and distribution voltage raised from 4,000 to 12,000. At both Port Wallis and Kearney Lake, new 2,000 kva substations were built and distribution raised to 12,000 volts. A new 2,000 kva substation was built at Burlington, while at Falmouth and Preston, new 1,500 kva substations were completed. At Waterville, capacity was increased from 2,000 to 3,000 kva. At both Wolfville and Stewiacke, capacity was increased from 1,500 to 2,700 kva, while at Hantsport the increase was from 600 to 1,000.

In addition, a number of new substations were installed to supply new industries and substantial improvements were made to the distribution system in many areas.

So the story goes . . . Growth and development from one end of the Company's system to the other.

Part of the Company's support of universities is its program of scholarships. Here, Company President A. R. Harrington, presents to W. J. Kravec, a student at the Nova Scotia Technical College, a \$2,500 scholarship to enable him to do post-graduate research work in the utilization of Nova Scotia coal.



Your Company's exhibits at County Exhibitions and other Fairs have established a reputation for excellence and have always attracted great public interest.

This display at the Atlantic Winter Fair was designed to appeal to youth. Carefully-built working models and colorful illustrations in comic book form told the story of the development of electricity from the time of Thales, the ancient Greek philosopher, to the present day.

We were gratified by the interest shown by both young and old who crowded the exhibit during the ten-day period of the Fair. Thirty thousand comic books telling the story of electricity were given to interested youngsters. Now school teachers are requesting hundreds more copies as a teaching aid in their science classes.

It was a most rewarding effort.

SALES AND PROMOTION . . .

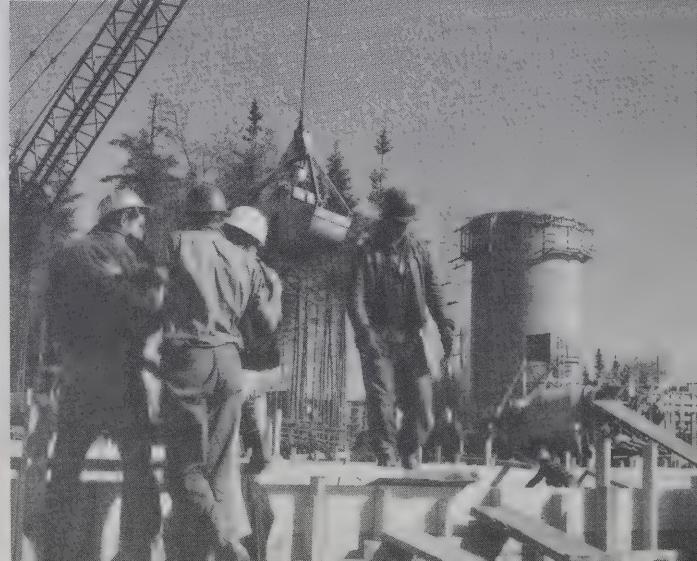
In 1962 the decision to build a large-size, highly efficient generating station at Tufts Cove was based on engineering studies which indicated that this step was essential for the orderly and proper development of the Company. Such a plant was necessary to provide more efficient generation and thus help to hold down the cost of electricity in the face of inflation and generally rising costs.

Knowing that a large addition of this type would have a significant effect on the financial results for the year it entered the stream of operations, carefully planned preparations were made to minimize this effect. These included a stepped-up sales program aimed at increasing normal growth rates; and the successful negotiation of a one-year contract for the sale of 25,000 kilowatts round the clock to the New Brunswick Electric Power Commission. Delivery of this power is to commence with the commissioning of the Tufts Cove Plant in 1965.

More emphasis was given to the Company's activities in economic and industrial promotion. The success of the Company's efforts, coupled with those of other agencies, is reflected in the number and variety of new industries that have located in Nova Scotia during the last three years. It can also be seen in the expansion of so many existing industries. The net result is shown in the sales to power users which were 10.6 per cent more than in 1963 and, for the fourth consecutive year, showed the greatest increase.

Over the past three years electric rates have been lowered and several special new rates have been introduced. Some of these changes were made to promote acceleration over normal growth trends. Others were made to attract a larger share of the business formerly supplied by the oil and bottled gas industries. One measure of the success of these moves is found in the sales to residential customers which were 8.16 per cent more than in 1963. In that year a similar gain of 8.16 per cent was recorded. For two consecutive years these increases have been higher than Canadian and United States national averages. During 1964 the average annual use by domestic customers increased by 266 to reach 4,313 kilowatt hours, for an increase of 18 per cent in a three-year period.

Other measures of this success are to be found in the large and ever-increasing number of electric heating installations on the Company's system, as well as in the growing business in the field of commercial cooking and water heating.



A rewarding step in the sales promotion program was taken in December, 1962, when an outdoor night-lighting service was introduced. The Company provides and operates the outdoor lighting units for a flat monthly charge which varies with the size of light installed. Many employees throughout the Company are participating in this program on a commission basis. The results have greatly exceeded the targets that were set and there seems to be no slackening in the sales pace. The end of 1964 found 2,611 lights installed to provide an annual revenue of about \$100,000.

A continuing and well balanced program to promote greater sales of electric appliances was launched three years ago. It was designed to get a greater saturation of all types of domestic and commercial appliances, but was particularly directed toward those of a high load-building nature such as water heaters and refrigeration. The program has been supported by intensive advertising over television and radio as well as in newspapers and other media.

The Company's own merchandising was profitably increased through better planning, more effective purchasing and added sales effort.

In a number of communities, where little local effort was being made to promote the sale of electric appliances, subsidiary dealers were set up with consignment stocks provided by the Company. This is another means used by the Company to encourage and co-operate with local business to mutual advantage.

The Adequate Wiring and Appliance Finance Plan was continued. This is operated in

conjunction with appliance dealers and electrical contractors throughout the service area.

Experienced and well-trained staff are continually working with commercial and residential customers toward developing more uses for electricity and greater satisfaction in its use.

The results of the whole program are better than expected. For instance, the Dominion Bureau of Statistics in 1963 reported an average expenditure for electric appliances of \$44 per family in the greater Halifax area compared with a national average of \$20. Appliance sales in 1964 were 20 per cent greater than in 1963, so an even better comparison can be expected for this year.

The overall effect of the sales program coupled with higher production levels in industry, new and expanded manufacturing and processing facilities, greater demands of shopping centres, offices, schools and homes has resulted in more electricity being sold during 1964 than in any previous year.

Sales to regular customers amounted to 898,917,196 kilowatt hours, an increase of 8.76 per cent over the 1963 figure. In addition, 128,742,300 kilowatt hours were sold over the Grid Line to The New Brunswick Electric Power Commission.

With the increasing effort being planned in the sales programs; with the ever-increasing number of appliances and new uses being found for electricity; and with a steadily-improving economy, present growth trends should continue in the years ahead.

The pictures tell their own story. They are typical examples of the never ending number and wide variety of dramatic new industries that are locating in Nova Scotia. Many are in urban centres, but others are in more rural areas from one end of the Province to the other. They are bringing significant improvement to the economy . . . and increasing business for your Company.



Transit operations in 1964 showed some improvement over the previous year but the basic problems still persist.

The traffic situation gets progressively worse as the years go by and 1964 was no exception. The increasing number of motor vehicles continues to create traffic difficulties and lessen the number of passengers. The congestion is worst at rush hours . . . the times that transit vehicles most need the ability to meet schedules. In this traffic climate, it is increasingly difficult to attract passengers and to maintain good operation.

The Company is continually giving careful study to all possible means of reducing expenses and improving operations in the Transit Division, as well as in other Divisions, and in most areas has been successful. But although this has been the case in Transit, and although a number of changes have been made in routes and schedules as well, the downward trend in passenger riding continues.

During 1964 the system carried 13,185,294 revenue passengers. Compared with 1963, this represented a drop of 758,749 or 5.4 per cent. This decline in use was reflected in revenue. However, adjustments in service mileage and operating hours together with improved maintenance schedules produced some offsetting savings so that the loss for the year was reduced. The loss amounted to \$70,053, an improvement when compared with the loss of \$184,556 in 1963.

Further changes can be expected to stabilize the amount of loss in 1965.

There are two courses of action which the Company can pursue. One must be implemented immediately as a means of partially correcting an ever-worsening situation. This

is to be accomplished through reductions or adjustments in service. Early morning, late evening, Sunday and holiday service attracts only two per cent of the total riding. It is in these areas that adjustments will be made. The second course of action is that an increase in fares must be faced by the end of 1965.

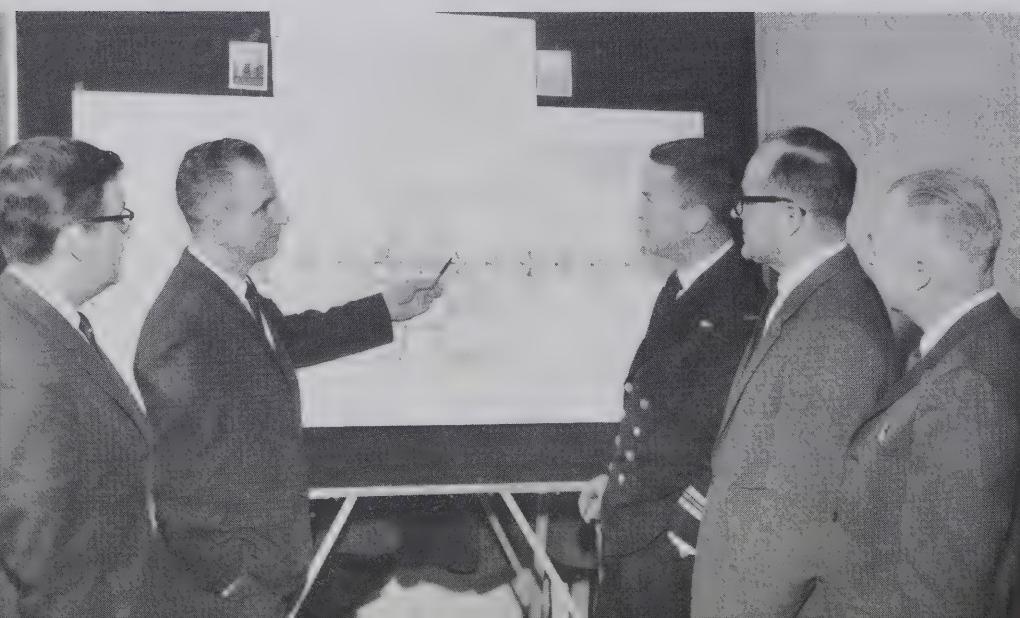
Transit fares in Halifax are generally lower than fares all across Canada. Under this circumstance and with growing deficits, it is felt that an increase in fares is justified and must come. However, it can be postponed until 1966 if certain reductions in service are put into effect.

In the opinion of the Company, this is the best plan to follow at this time. Accordingly, the necessary steps will be taken to seek approval to implement it.

Throughout the year the transit vehicles and other equipment were maintained in excellent condition and appearance. Six trolley coaches that were purchased secondhand in 1956 were retired at the end of the year.

The operating personnel deserve praise for their safe driving under difficult traffic conditions. These men, through their courtesy and friendliness, enjoy a wonderful relationship with the travelling public.

It seems appropriate that one particular employee should be mentioned in this report. He is O. F. Publicover who began his career with the Company in 1913 as a motorman on the old two-man cars and retired in 1964 as assistant superintendent of the Transit Division. Through fifty years of outstanding service he won the friendship of thousands of transit users as well as the admiration and respect of all the people who worked with him.



The Company's work study department and engineering division worked together in conducting a series of week-long courses on Critical Path Scheduling. Because these courses were made available to the community, fifty senior people from other industries in our area sat side by side with Company people in developing these skills and techniques.

EMPLOYEES . . .

An outstanding asset of the Company is its service record over the years. A strong financial position, together with modern generating and distributing facilities, is of great importance. But all of these assets would be of little value to the Company without its human resources. Cold statistics can never adequately convey the story of the human factors . . . the skill, competence and enthusiasm of employees. Their performance on the job, their dealings with the public and their participation in community affairs have won the confidence and goodwill of stockholders and customers alike.

On behalf of both of these groups, your Directors wish to express their sincere appreciation to all employees for the important contribution they have made to the Company.

Throughout 1964, employees at all levels continued to work together in a fine spirit of teamwork to reduce operating costs, improve the general efficiency of operations, and render better service to customers.

This close co-operation was to be expected because of the high degree of job satisfaction which prevails throughout the whole work force. It is the result of the emphasis that has long been given to the careful selection of employees, the broad training programs and the opportunities provided for competent career people.

The success of these policies is proven by the Company's continuing ability to attract capable personnel. Good working conditions, fair salaries and wages, together with a broad and well balanced plan of employee benefits have been instrumental in retaining employees and reducing turnover. The policy of promotion from within the organization provides incentive to ambitious and career-minded employees. The training programs provide the means to qualify for jobs of greater responsibility and reward.

During the past five years, increased em-

phasis has been given to employee training through a broad program of courses ranging all the way from apprenticeship plans to senior management development.

The senior management development program includes all senior and middle management people. Its purpose is to develop new skills and insights in the area of administration. Emphasis is placed on bringing into sharper focus the problems and challenges the Company will have to meet and overcome in the years ahead.

More than one hundred first-line supervisors participated in intensive week-long courses which covered such areas as personnel functions, work study, union contracts, motivation, public relations, responsibility, accounting and accident prevention.

Several employees completed courses at the National Work Study School, while others graduated in advanced accounting courses. Still others are taking further university training leading to regular or higher degrees.

The need for continued training and re-training is apparent when it is realized that scientific information and knowledge is doubling every ten years and that management techniques are changing at an equally fast pace. The value of the training is reflected in the continued improvement of Company operations.

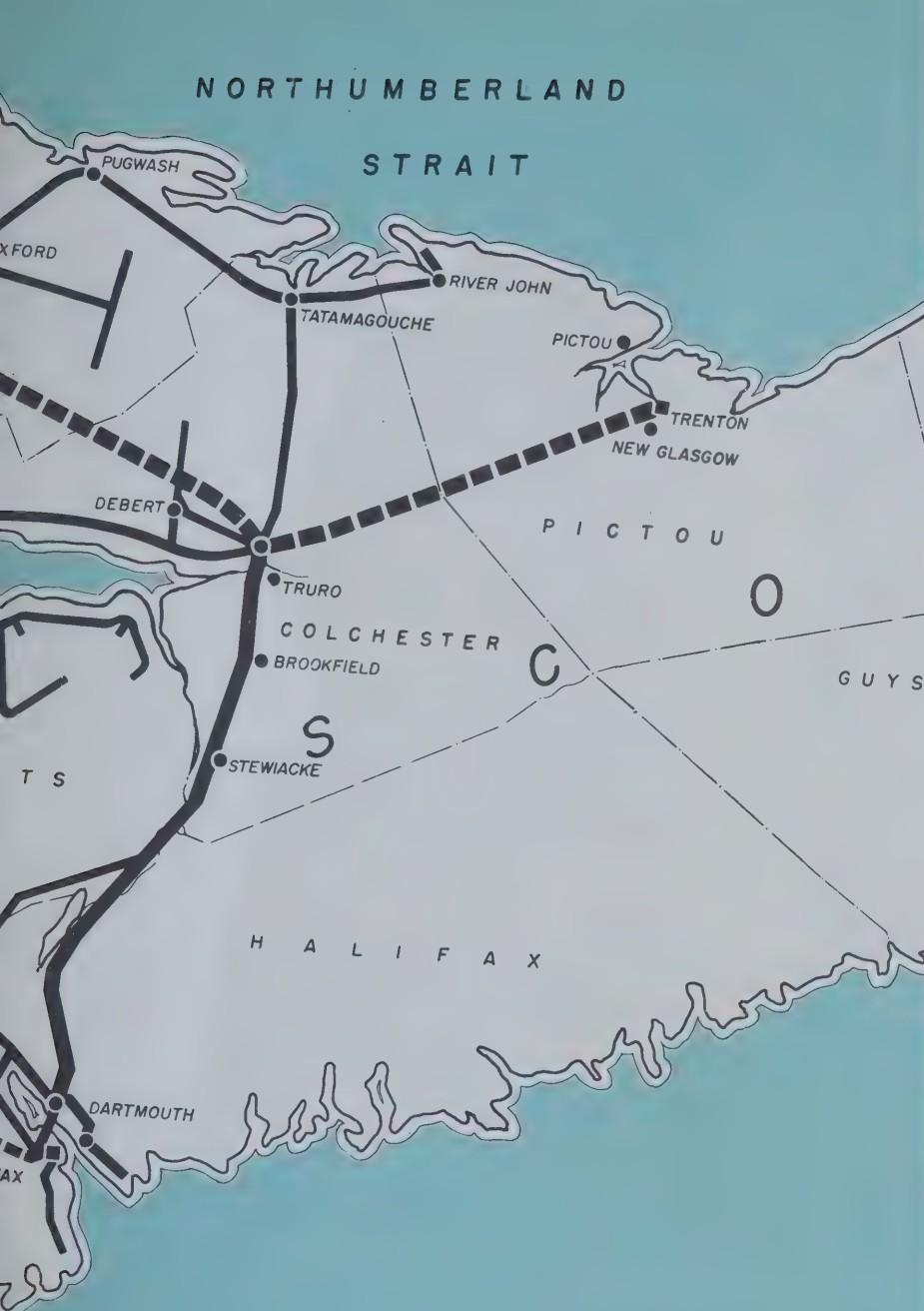
The number of employees at the end of the year totalled 1,203. Wages and salaries amounted to \$5,816,864, the highest figure yet recorded. The increase over the previous year can be accounted for in the greater number of employees needed for the heavy construction program as well as in the wage and salary increases made during the year. To the actual sum paid in salaries and wages, an additional amount of more than \$800,000 could be added to include the cost to the Company for employee benefits.

Nineteen employees gained membership in the Quarter Century Club. Each was presented with an engraved watch at an enjoyable and fitting ceremony to mark the occasion. Left to right: Back Row: H. G. Power, W. Ryder, C. D. McElmon, W. L. Nelson, J. F. Sherman, M. R. McClare, N. A. McCulloch, J. A. Keddy, G. A. Beech, G. R. Collicut. Front Row: M. C. Clarke, V. P. Reyno, H. J. MacRae, B. R. Bobbitt, J. W. Salterio, J. F. Rushton, J. A. Annand. Absent: R. D. Swift, A. E. Langille.



NEW BRUNSWICK





COMPANY GROWTH

Your Company is contributing to the growth and development of the Province through a far-sighted construction program designed to keep the strength and reliability of electric service well ahead of demand — making sure that there will be plenty of electricity where it is needed and when it is needed.

One measure of the expected growth is the fact that in the next ten years we expect to serve an additional 30,000 customers. That is the equivalent of another City of Halifax. Just imagine that!



THE NEW NOVA SCOTIA

Year by year Nova Scotia is gaining in recognition as a Province of increasing manufacturing and commercial activity. Great changes are taking place. Unparalleled industrial and manufacturing growth can be seen from one end of the Province to the other. During the last few years an impressive array of dramatic new industries have located here and their number continues to grow. Traditional industries based on fishing and forestry, as well as shipping and shipbuilding are expanding their operations to meet growing demands and widening markets. But more important is the expanding growth in secondary manufacturing and service industries. Urban centres are growing rapidly and, at the same time, the agricultural economy is showing added strength through diversification and food processing. The labor force, the largest ever, continues to grow as employment opportunities broaden.

Tourism is growing by leaps and bounds and, conscious of its long-term future possibilities, a number of agencies are working together to preserve the Province's scenic and recreational values as the industrial economy grows.

Universities, schools and hospitals are expanding their facilities. Entering the picture on the cultural side are the Symphony Orchestra, Neptune Theatre, the Festival of the Arts, summer playhouses and art exhibitions.

All these outward manifestations reflect the vitality of the new Nova Scotia and point to continued growth in the years ahead.

SAFETY . . .

Part of the Company's efforts in the field of good corporate citizenship is woven into the Safety and Accident Prevention Program. This program is carried beyond the confines of the Company itself and into the community.

Throughout 1964, as in former years, the Company's safety staff participated in a number of safety conferences with industrial and other groups. Safety lectures and demonstrations were given in a number of schools, churches and other places. A copy of the Company's safety calendar was again sent to every school classroom in our service area. This practice, of many years' standing, is greatly appreciated by teachers.

As a result of the years of emphasis given to the Safety Program, there is a rewarding improvement in the attitude of all employees toward safety and accident prevention. The number of accidents continues to decrease and the general record shows steady betterment.

But notwithstanding all the safety training that has been given, and all the safety equipment that has been provided, and all the safe-working practices that have been developed . . . serious accidents still occur. In 1964 there was one fatal electric-burn accident. Had it not been for this most unfortunate happening, the safety record for the year would have been an excellent one.

There can be no relaxing in our efforts.



PUBLIC RELATIONS . . .

The high esteem which the Company enjoys did not come easily or by chance. It is the result of years of effort and a broad public relations policy. It has been built up over the years by providing good service at the lowest possible cost; by the skill and courtesy shown by employees in their work, their dealings with customers, and their contribution to community affairs; and by the most challenging of all obligations—sincerity and purpose in the field of good corporate citizenship.

The record of the Company in meeting all requirements for service promptly and in full, speaks for itself. So does the record of reductions in the cost of electricity and improvements in service reliability.

The Company is proud of the manner in which its employees have always accepted their responsibilities in the field of citizenship. They have participated and, in many cases, provided leadership in a wide variety of undertakings and organizations which are devoted to community progress and betterment.

As a corporate citizen, your Company supports all worth-while community projects. It takes a leading part in financial and other business organizations such as Boards of Trade, the Atlantic Provinces Economic Council, and the Voluntary Economic Planning Program. It also works hard in the field of industrial development and co-ordinates its own efforts with those of Civic and Provincial Governments, Industrial Estates and others.

It is our firm conviction that our Province will grow and prosper only to the extent that its people contribute their energy, ability and resources toward the common goal of progress.

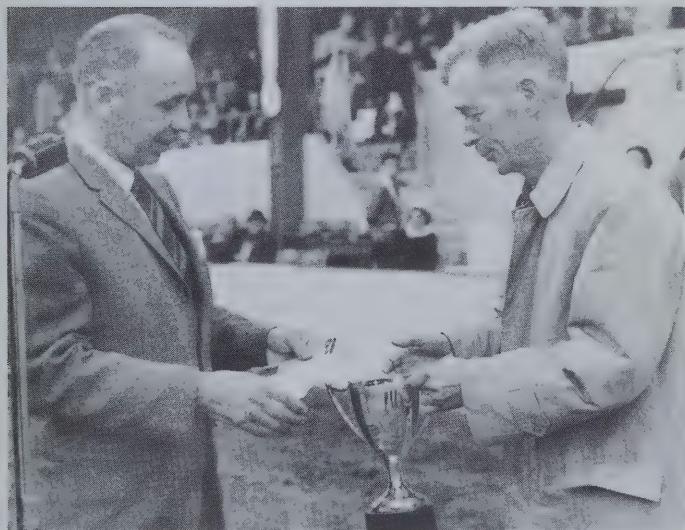
Looking at it from this viewpoint, our public relations must be an all-important, ever-broadening, never-ending program.

This electrically heated sidewalk is not daunted by winter storms . . . or the threatening sign on the theatre marquee. A number of these installations in the Halifax area are doing an excellent job of keeping sidewalks free of snow and ice. They go to work at the flick of a switch and their operating cost is moderate.

Again in 1964 your Company won recognition in a number of fields of endeavour. Some of the awards illustrate the accomplishments of the Company and its employees in the field of good citizenship. Others are indicative of the Company's position of leadership in the electric utility industry.

We are proud of the recognition we have received. We shall continue our efforts with the hope that they will contribute to the betterment of the Company and Nova Scotia.

In the show ring at the Atlantic Winter Fair, A. R. Harrington, President and General Manager (right) accepts the Award for Best Industrial Exhibit from A. G. Archibald, President of the Halifax Board of Trade. (See page 10)



The Company's float won prizes in a number of parades throughout the Province.

The Reddy Kilowatt Annual Report Contest

CERTIFICATE OF

to

Nova Scotia Light and Power Company Limited

For its outstanding Annual Report which so splendidly illustrates, humanizes and simplifies to stockholders the Company's operations during the past year.

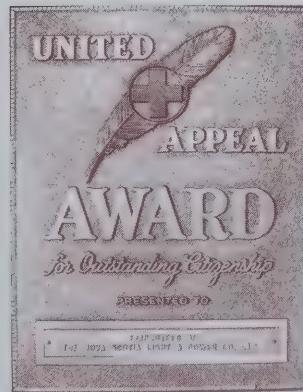
First Prize
In Companies Outside the U.S.

EXCELSIOR
Your Electric Service
Judges



For the third consecutive year the Company's Annual Report won awards in two international competitions. In the Reddy Kilowatt Annual Report Contest, the award presented at The Edison Electric Institute Convention commended the Company "for its outstanding annual report which so splendidly illustrates, humanizes and simplifies to stockholders the Company's operations during the past year".

In the Financial World Competition, which attracted more than 5,000 entries from all types of industry in the United States and Canada, your Company received the Bronze Oscar for the best annual report in its group.



Company employees are the largest contributors to charity of any group in the Halifax-Dartmouth area.

Through their own Charitable Fund alone, they contributed more than \$10,600 to recognized charities.

Professional Drivers—67 Trolley Coach Operators received The National Safety Council's Safe Driver Awards. Twenty-six of these men have had "accident free" records for four years or more . . . in this group there are 4 with an eight year record, 5 with a nine year record and one who has driven during summer and winter, day and night, in all kinds of weather for ten years without an accident.



STOCKHOLDERS

Stockholders and the financial community are kept informed of the Company's progress through quarterly statements and this annual report.

Their approval of the manner in which the Company is operated is indicated by the support they have always provided and the general trend of long-term holding of shares.

At the end of 1964 there were 7,183 holders of the Ordinary shares and 4,020 holders of the Preferred shares. Most of the stockholders are Nova Scotians, many are customers, and 290 of them are employees. They are men and women in all walks of life and they represent a cross section of the people you will meet wherever you go in Nova Scotia.

Some of the shares are owned by educational and religious organizations, estates, private investment groups and others to provide even greater diversity of ownership.

The total holdings of the ten largest stockholders, and most of these are trust companies, investment funds and corporations, amounts to only seventeen per cent of the total shares outstanding. The Directors of the Company own less than two per cent of the shares.

The Company's bonds are, for the most part, held by Insurance Companies. Thus the ownership of the Company is still more widespread.

To keep pace with the economic and industrial growth that is forecast, ever-increasing amounts of money will be needed. Through a policy of retaining a significant portion of earnings for use in the Company, together with the reinvestment of amounts set aside for depreciation, the Company seeks to minimize the requirements from additional public financing. As a result of this policy, the present capital program is being supported by the sale of bonds. An issue of \$10,000,000 was sold in 1964 and a further, but probably smaller issue is planned for 1965. It is expected that bond financing will meet the Company's needs for the next few years.

In order to maintain the continued support of the stockholders and to enjoy a strong credit position, the record of earnings and dividends must be maintained at a level that is reasonable and competitive with other investment opportunities.

Your Directors and Management are working and planning to this end.

FUTURE

The year 1964 saw new records established in sales, revenue and earnings. Year after year the story has been the same. There is no sign of slackening. The use of electricity continues to double every ten years. This means that your Company must double in size at the same pace.

This growth presents a constant challenge which requires careful planning, sound judgment, experienced know-how and a never-ending construction program.

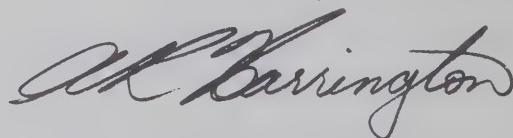
The expenditures associated with the present construction program, which includes the new Tufts Cove Generating Plant, are more substantial than ever before. However, they are essential investments in the future progress of the Company and the Province. The facilities being built will improve the quality of service. The new generating plant will produce electricity at a lower unit cost than present equipment. A number of carefully-planned steps have already been taken to receive this new plant into the system and make full utilization of its economic potential. Therefore it is not expected that its advent will require any readjustments of electric rates, or have any substantial impact on earnings.

Looking further ahead, the prospects are better than ever before. The economic and industrial development of the Province continues to move ahead at an accelerated pace. There appears to be no limit to the extent to which electricity may be adapted to industrial and commercial processes to bring about greater, more economical output by men and machines. In homes, people are placing an ever-increasing reliance on modern electrical appliances to bring more pleasant and better living.

Your Company will continue to keep abreast of these developments and contribute actively to all of them.



T.C. MacKeeen
Chairman of the Board



A.K. Barrington
President and General Manager

The trend is definitely to electric heating. In cities and towns throughout the Company's service area you will find hundreds of attractive homes, apartment buildings both large and small, office buildings, stores, post offices, churches, motels and restaurants which are heated electrically. Their number is growing day by day.



STATISTICS . . .

NOVA SCOTIA LIGHT AND POWER COMPANY, LIMITED and Wholly-Owned Subsidiary Company

	1964	1963	1962	1961	1960
Revenue Sales					
Domestic	\$ 8,264,421	\$ 7,958,545	\$ 7,789,737	\$ 7,284,211	\$ 6,755,816
Commercial Light	3,133,054	3,202,360	3,089,470	2,936,395	2,820,113
Commercial Power	2,694,885	2,579,336	2,459,835	2,301,236	2,139,755
General Service Lt. & Pr.	2,706,574	2,624,276	2,403,587	1,934,433	1,588,175
Industrial Power	1,780,192	1,579,879	1,437,020	1,307,058	1,254,600
Other Electric Utilities	379,367	350,373	318,957	268,591	252,069
Miscellaneous	770,394	695,919	647,071	594,693	547,099
Consumer Forfeited Discounts	217,564	199,002	178,608	189,217	166,848
Total Revenue	\$ 19,946,451	\$ 19,189,690	\$ 18,324,285	\$ 16,815,834	\$ 15,524,475
Sales to Grid Interconnection	\$ 782,255	\$ 230,603	\$ 547,527	\$ 779,264	\$ 464,589
Kilowatt Hours					
Domestic	378,549,024	349,999,531	323,604,646	296,412,738	269,174,553
Commercial Light	93,517,288	88,004,978	83,039,333	79,041,850	75,802,605
Commercial Power	111,611,050	104,245,751	96,940,308	90,523,127	83,728,562
General Service Lt. & Pr.	123,386,695	113,496,882	104,204,712	82,929,428	68,478,256
Industrial Power	142,180,008	124,038,386	106,729,851	102,203,874	93,964,879
Other Electric Utilities	27,929,074	25,249,731	23,110,987	19,330,854	17,604,035
Miscellaneous	21,744,057	21,448,414	21,381,561	20,553,381	18,959,792
Total Sales	898,917,196	826,483,673	759,011,398	690,995,252	627,712,682
Sales to Grid Interconnection	128,742,300	39,721,500	83,209,878	104,212,418	61,601,727
Customers (as at December 31)					
Domestic	87,760	86,484	84,404	82,151	80,270
Commercial Light	10,039	9,658	9,639	9,470	9,377
Commercial Power	6,878	7,148	6,789	6,405	5,753
General Service Lt. & Pr.	343	134	97	81	69
Industrial Power	20	24	32	27	26
Other Electric Utilities	3	3	4	4	4
Miscellaneous	67	63	59	53	54
Total	105,110	103,514	101,024	98,191	95,553
Transit					
Operating Revenue	\$ 1,534,853	\$ 1,592,218	\$ 1,691,594	\$ 1,726,978	\$ 1,826,240
Revenue Passengers Carried	13,185,294	13,944,043	14,927,844	15,506,084	16,991,302
Revenue Coach Miles	1,980,257	2,115,405	2,231,503	2,298,772	2,431,227
Employees					
Number as of December 31	1,203	1,116	1,132	1,171	1,216
Wages and Salaries Paid	\$ 5,816,864	\$ 5,356,630	\$ 5,204,022	\$ 4,962,459	\$ 4,945,852
Ordinary Stock					
Shares Outstanding Dec. 31*	1,631,059	1,626,196	1,621,964	1,618,204	1,614,360
Number of Stockholders	7,183	7,321	7,453	7,413	7,210
Dividends Declared on Ordinary Shares	\$ 1,629,301	\$ 1,543,353	\$ 1,296,459	\$ 1,050,983	\$ 965,072
Earnings per Share	\$ 1.65	\$ 1.53	\$ 1.53	\$ 1.27	\$ 1.11
Dividends per Share	\$ 1.00	\$.90	\$.80	\$.65	\$.60
Preference Stock					
Total Par Value Preference Shares	\$ 11,786,200	\$ 11,786,200	\$ 11,786,200	\$ 11,786,200	\$ 11,786,200
Dividends Declared on Preference Shares	\$ 530,557	\$ 530,557	\$ 530,557	\$ 530,559	\$ 530,559

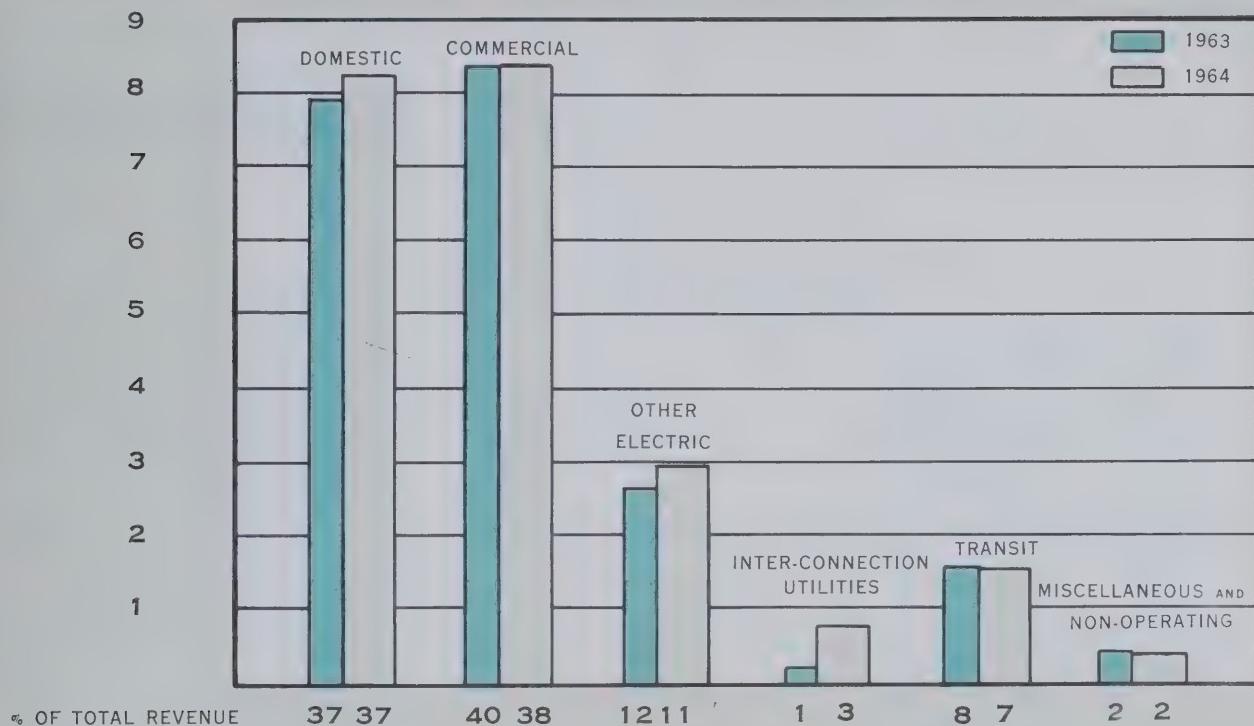
Revenue from Kilowatt hour sales to regular customers amounted to \$19,946,451, in addition, sales to interconnected utilities provided revenue of \$782,255, steam heat and other non-operating revenues account for \$264,398 making the total of \$20,993,104 shown on the Consolidated Statement of Income (page 26).

*Includes construction.

*Change accounted for by sales to employees under employees stock purchase plan.

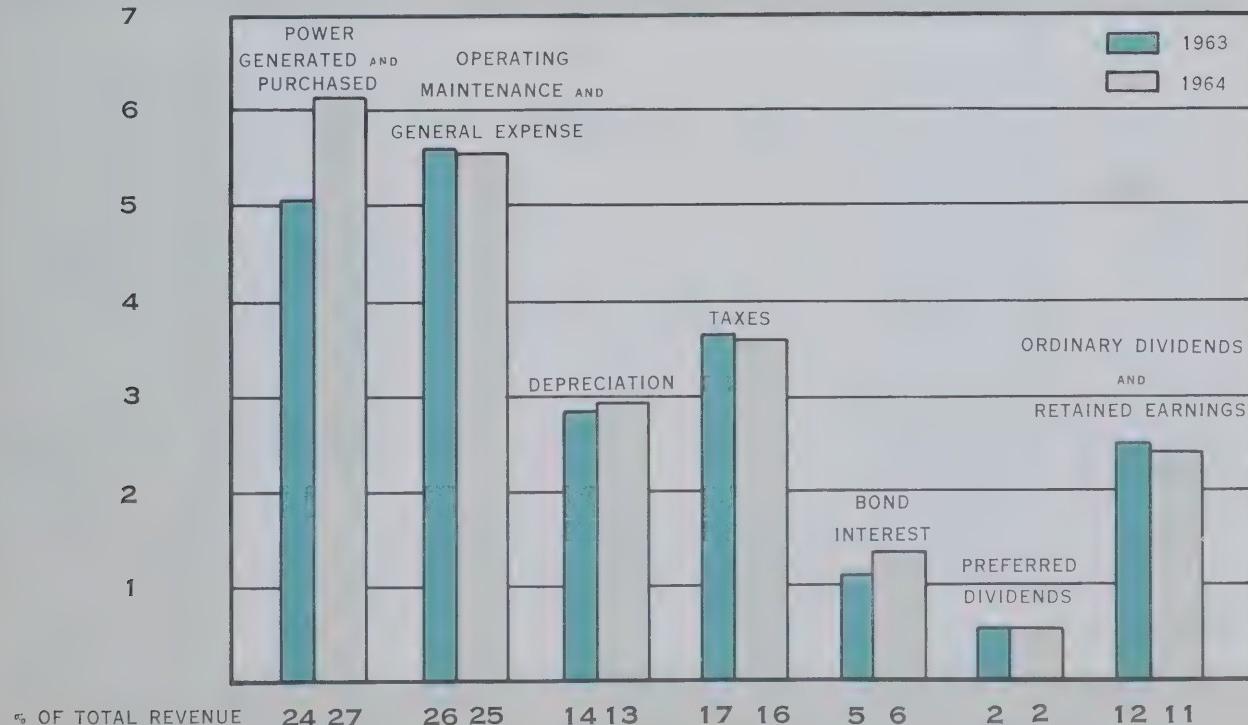
SOURCES OF REVENUE 1963 AND 1964

MILLIONS OF DOLLARS



DISPOSITION OF REVENUE 1963 AND 1964

MILLIONS OF DOLLARS





NOVA SCOTIA LIGHT AND
AND WHOLLY-OWNED

Consolidated

as at December

ASSETS	1964	1963
FIXED ASSETS		
Utility Plant in Service at cost	\$101,760,043	\$91,323,908
SINKING FUNDS HELD BY BONDHOLDERS' TRUSTEE	114,500	87,216
UNAMORTIZED DISCOUNTS, PREMIUMS AND EXPENSE	378,626	409,995
CURRENT ASSETS		
Cash	(511,743)	(94,143)
Funds on Deposit or temporarily invested	2,499,009	1,415
Accounts Receivable	1,787,575	1,528,722
Materials, Supplies and Merchandise at average cost	1,473,036	1,460,363
Prepaid Expenses	126,874	83,286
	<hr/> <u>5,374,751</u>	<hr/> <u>2,979,643</u>
	<hr/> <u>\$107,627,920</u>	<hr/> <u>\$94,800,762</u>

Approved on behalf of the Board:

A. K. Barrington Director.

H. Stanfield Director.

POWER COMPANY, LIMITED

SUBSIDIARY COMPANY



Balance Sheet

31st, 1964

SHAREHOLDERS' EQUITY AND LIABILITIES

	1964	1963
CAPITAL STOCK AND RETAINED EARNINGS		
Cumulative Redeemable Preference Shares (Note 1)	\$ 11,786,200	\$11,786,200
Ordinary Shares (Note 1)	<u>11,223,483</u>	<u>11,129,679</u>
	<u>23,009,683</u>	<u>22,915,879</u>
Consolidated Earnings Retained for use in the Business	<u>11,911,575</u>	<u>10,869,938</u>
Miscellaneous Reserves	<u>549,592</u>	<u>503,993</u>
	<u>35,470,850</u>	<u>34,289,810</u>
LONG-TERM DEBT (Note 2)	<u>34,031,000</u>	<u>24,603,000</u>
ACCUMULATED DEPRECIATION	<u>30,124,819</u>	<u>27,674,198</u>
ACCUMULATED INCOME TAX APPLICABLE TO FUTURE YEARS	<u>3,617,376</u>	<u>3,137,023</u>
CURRENT LIABILITIES		
Dividend declared, payable January 2, 1965	407,765	406,549
Accounts Payable	2,058,314	2,718,462
Income Tax Payable	709,199	992,313
Interest accrued on long-term debt	360,737	221,380
Consumers' deposits including accrued interest thereon	275,860	291,027
Instalments on long-term debt due within one year	<u>572,000</u>	<u>467,000</u>
	<u>4,383,875</u>	<u>5,096,731</u>
	<u>\$107,627,920</u>	<u>\$94,800,762</u>

THE ACCOMPANYING NOTES ON PAGE 32 ARE AN INTEGRAL PART
OF THE FINANCIAL STATEMENTS.



NOVA SCOTIA LIGHT AND POWER COMPANY, LIMITED
AND WHOLLY-OWNED SUBSIDIARY COMPANY

Consolidated Statement of Income

For the year ended December 31, 1964

	1964	1963
OPERATING REVENUE		
Electric Division	\$20,993,104	\$19,698,225
Transit Division	1,534,853	1,592,218
	<hr/>	<hr/>
	22,527,957	21,290,443
OPERATING REVENUE DEDUCTIONS		
Cost of power Generated and Purchased	6,137,261	5,057,110
Operating, Maintenance and General Expense	5,779,281	5,855,939
Taxes other than income taxes	1,050,831	998,521
Depreciation at rates approved by the Nova Scotia Board of Commissioners of Public Utilities	2,979,097	2,874,775
	<hr/>	<hr/>
	15,946,470	14,786,345
OPERATING INCOME	6,581,487	6,504,098
OTHER INCOME		
Interest on short-term Investments	49,502	88,203
	<hr/>	<hr/>
	6,630,989	6,592,301
INCOME DEDUCTIONS		
Interest on long-term debt	1,365,095	1,096,635
Amortization of debt discount, premiums and expense (Credit)	(7,877)	(1,510)
Interest charged to construction (Credit)	(484,787)	(172,044)
	<hr/>	<hr/>
	872,431	923,081
NET INCOME BEFORE TAXES	5,758,558	5,669,220
Provision for income taxes including \$480,436 (1963, \$312,905) transferred to accumulated income tax applicable to future years	2,544,096	2,655,218
NET INCOME TRANSFERRED TO CONSOLIDATED STATEMENT OF RETAINED EARNINGS	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	\$ 3,214,462	\$ 3,014,002

NOVA SCOTIA LIGHT AND POWER COMPANY, LIMITED
AND WHOLLY-OWNED SUBSIDIARY COMPANY



Consolidated

Statement of Retained Earnings

For the year ended December 31, 1964

	1964	1963
BALANCE AT BEGINNING OF YEAR	\$10,869,938	\$ 9,893,126
Net Income	3,214,462	3,014,002
Miscellaneous non-operating adjustments—Net	(12,967)	36,720
	<hr/> 14,071,433	<hr/> 12,943,848
Dividends on Preference Shares	530,557	530,557
Dividends on Ordinary Shares	1,629,301	1,543,353
	<hr/> 2,159,858	<hr/> 2,073,910
BALANCE—December 31st	<hr/> \$11,911,575	<hr/> \$10,869,938



NOVA SCOTIA LIGHT AND

Balance

as at December

ASSETS	1964	1963
FIXED ASSETS		
Utility Plant in Service at cost	\$101,504,390	\$91,083,854
INVESTMENTS IN SUBSIDIARY COMPANY		
Shares	20,478	20,478
Advances	96,773	83,925
	117,251	104,403
SINKING FUNDS HELD BY BONDHOLDERS' TRUSTEE	114,500	87,216
UNAMORTIZED DISCOUNTS, PREMIUMS AND EXPENSE	378,626	409,995
CURRENT ASSETS		
Cash	(513,723)	(95,712)
Funds on Deposit or temporarily invested	2,499,009	1,415
Accounts Receivable	1,777,291	1,517,478
Materials, Supplies and Merchandise at average cost	1,467,228	1,455,814
Prepaid Expenses	126,867	83,445
	5,356,672	2,962,440
	\$107,471,439	\$94,647,908

Approved on behalf of the Board:

A. Barrington Director.

J. Stanfield Director.



1st, 1964

SHAREHOLDERS' EQUITY AND LIABILITIES

	1964	1963
CAPITAL STOCK AND RETAINED EARNINGS		
Cumulative Redeemable Preference Shares (Note 1)	\$11,786,200	\$11,786,200
Ordinary Shares (Note 1)	<u>11,223,483</u>	<u>11,129,679</u>
	<u>23,009,683</u>	<u>22,915,879</u>
Earnings retained for use in the Business	11,873,466	10,830,776
Miscellaneous reserves	<u>547,628</u>	<u>501,906</u>
	<u>35,430,777</u>	<u>34,248,561</u>
LONG-TERM DEBT (Note 2)	<u>34,031,000</u>	<u>24,603,000</u>
ACCUMULATED DEPRECIATION	<u>30,016,420</u>	<u>27,571,196</u>
ACCUMULATED INCOME TAX APPLICABLE TO FUTURE YEARS	<u>3,615,352</u>	<u>3,134,917</u>
CURRENT LIABILITIES		
Dividend declared, payable January 2, 1965	407,765	406,549
Accounts Payable	2,058,168	2,718,165
Income Tax Payable	706,704	989,476
Interest accrued on long-term debt	360,737	221,380
Consumers' deposits including accrued interest thereon	272,516	287,664
Instalments on long-term debt due within one year	<u>572,000</u>	<u>467,000</u>
	<u>4,377,890</u>	<u>5,090,234</u>
	<u>\$107,471,439</u>	<u>\$94,647,908</u>

THE ACCOMPANYING NOTES ON PAGE 32 ARE AN INTEGRAL PART
OF THE FINANCIAL STATEMENTS.



NOVA SCOTIA LIGHT AND POWER COMPANY, LIMITED

Statement of Income

for the year ended December 31, 1964

	1964	1963
OPERATING REVENUE		
Electric Division	\$20,892,205	\$19,019,470
Transit Division	1,534,853	1,592,218
	<hr/> 22,427,058	<hr/> 20,611,688
OPERATING REVENUE DEDUCTIONS		
Cost of Power Generated and Purchased	6,096,968	4,735,927
Operating, Maintenance and General Expense	5,747,807	5,695,596
Taxes other than income taxes	1,049,683	984,275
Depreciation at rates approved by The Nova Scotia Board of Commissioners of Public Utilities	<hr/> 2,969,874	<hr/> 2,799,303
	<hr/> 15,864,332	<hr/> 14,215,101
OPERATING INCOME	6,562,726	6,396,587
OTHER INCOME		
Interest on short-term investments	54,484	144,271
Dividend from subsidiary	7,000	5,000
	<hr/> 6,624,210	<hr/> 6,545,858
INCOME DEDUCTIONS		
Interest on long-term debt	1,365,095	1,096,635
Amortization of debt discount, premiums and expense (credit)	(7,877)	(1,785)
Interest charged to construction (credit)	(484,787)	(171,524)
	<hr/> 872,431	<hr/> 923,326
NET INCOME BEFORE TAXES	5,751,779	5,622,532
Provision for income taxes including \$480,436 (1963, \$312,905) transferred to accumulated income tax applicable to future years	<hr/> 2,537,901	<hr/> 2,631,811
NET INCOME TRANSFERRED TO STATEMENT OF RETAINED EARNINGS	<hr/> \$ 3,213,878	<hr/> \$ 2,990,721



Statement of Retained Earnings

for the year ended December 31, 1964

	1964	1963
BALANCE AT BEGINNING OF YEAR	\$10,830,776	\$ 9,791,361
Net Income	3,213,878	2,990,721
Miscellaneous Non-Operating Adjustments, Net	(11,330)	122,604
	<u>14,033,324</u>	<u>12,904,686</u>
Dividends on Preference Shares	530,557	530,557
Dividends on Ordinary Shares	1,629,301	1,543,353
	<u>2,159,858</u>	<u>2,073,910</u>
BALANCE—December 31st	<u>\$11,873,466</u>	<u>\$10,830,776</u>

AUDITORS' REPORT

NOVA SCOTIA LIGHT AND POWER COMPANY, LIMITED AND WHOLLY-OWNED SUBSIDIARY COMPANY AUDITORS' REPORT

To the Shareholders,
Nova Scotia Light and Power Company, Limited:

We have examined the balance sheet of Nova Scotia Light and Power Company, Limited as at December 31, 1964 and the statements of income and retained earnings for the year then ended and have obtained all the information and explanations we have required. We have also examined the balance sheet of the wholly-owned subsidiary company as at December 31, 1964 and the statements of income and retained earnings for the year then ended and have obtained all the information and explanations we have required. Our examinations included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and shown by the books of the companies, the attached balance sheets and the statements of income and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of Nova Scotia Light and Power Company, Limited and wholly-owned subsidiary company consolidated as at December 31, 1964 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

RIDDELL, STEAD, GRAHAM & HUTCHISON,
Chartered Accountants.

Halifax, N.S.
February 15, 1965

NOTES TO FINANCIAL STATEMENTS . . .

Note 1:

CAPITAL STOCK

Cumulative Redeemable Preference Shares—

Authorized:

24,300 Shares 6% (Redeemed in 1954)

20,000 Shares 4% Par Value \$100

127,572 Shares 4½% Par Value \$100

80,000 Shares 5% Par Value \$50

Issued:

20,000 Shares 4%

1964

1963

\$ 2,000,000

\$ 2,000,000

77,572 Shares 4½%

7,757,200

7,757,200

40,580 Shares 5%

2,029,000

2,029,000

11,786,200

11,786,200

Ordinary Shares of No Par Value

Authorized:

2,500,000 Shares

Issued:

1,631,059 Shares (1963—1,626,196)

11,223,483

11,129,679

\$23,009,683

\$22,915,879

Note 2:

FUNDED DEBT

First Mortgage Sinking Fund Bonds—

Series	Maturity	Issued		
3¾%	July 2, 1968	\$3,000,000 (less redeemed)	\$ 2,356,000	\$ 2,417,000
3⅓%	May 1, 1971	7,500,000 " "	5,758,000	5,888,000
3½%	Nov. 1, 1972	1,500,000 " "	1,216,000	1,240,000
3⅔%	Sept. 1, 1973	3,000,000 " "	2,512,000	2,557,000
4⅛%	July 2, 1974	2,100,000 " "	1,804,000	1,838,000
4 %	May 1, 1975	4,000,000 " "	3,561,000	3,626,000
5½%	June 1, 1977	4,000,000 " "	3,673,000	3,727,000
6 %	Dec. 1, 1977	4,000,000 " "	3,723,000	3,777,000
5¾%	Apr. 1, 1984	10,000,000	10,000,000	—
			34,603,000	25,070,000

Less instalments due within one year shown as Current Liabilities

572,000

467,000

Long Term Debt

\$34,031,000

\$24,603,000

OFFICERS

A. S. FRASER <i>Vice-President</i>	J. C. MacKEEN <i>Chairman of the Board</i>
I. B. JAMIESON <i>Treasurer</i>	A. R. HARRINGTON <i>President and General Manager</i>
	K. W. McGRAIL <i>Assistant General Manager</i>
	E. A. LeBLANC <i>Secretary and General Counsel</i>

G. D. STANFIELD
Vice-President

C. N. KENNEDY
*Comptroller
and Assistant Treasurer*

DIRECTORS

H. B. BRIGGS	Halifax
President and General Manager, Pyke Brothers Limited	
F. M. COVERT, Q.C., O.B.E., D.F.C.	Halifax
Senior Partner, Stewart, MacKeen & Covert	
C. W. DEAN	Yarmouth
President, Yarmouth Royal Store Limited	
A. S. FRASER	Montreal
President, Investment Foundation Limited	
A. R. HARRINGTON	Halifax
President and General Manager, Nova Scotia Light and Power Company, Limited	
HON. G. B. ISNOR, Senator	Halifax
Proprietor, Gordon B. Isnor's Stores	
R. A. JODREY, D.C.L.	Hantsport
President, The Minas Basin Pulp and Power Company, Limited	
J. H. M. JONES, D.Eng.	Montreal
President, Bowaters Canadian Corporation Limited	
J. C. MacKEEN, D.C.L.	Halifax
Chairman, Moir's Limited	
A. D. STAIRS	Halifax
President, Wm. Stairs, Son & Morrow, Limited	
DENIS STAIRS, O.B.E., M.C., D.Eng.	Montreal
President, Newfoundland Light and Power Company, Limited	
G. D. STANFIELD	Halifax
President, Starr Manufacturing Works Limited	

AUDITORS

RIDDELL, STEAD, GRAHAM & HUTCHISON Halifax

TRANSFER AGENTS

THE EASTERN TRUST COMPANY Halifax, Montreal and Toronto

REGISTRARS

THE ROYAL TRUST COMPANY Halifax and Montreal
MONTREAL TRUST COMPANY Halifax, Montreal and Toronto

SUBSIDIARY COMPANY

*MILTON HYDRO-ELECTRIC COMPANY, LIMITED

HEAD OFFICE

CAPITOL BUILDING Halifax, Nova Scotia



*The Milton Hydro-Electric Company Limited will be consolidated with the parent Company on December 31st, 1964.



WE WILL . . .

1. Be good citizens by furthering the economic, cultural and civic progress of every community we serve, and co-operate fully with Civic and Provincial Governments and other agencies who are working to promote the growth and industrial development of Nova Scotia.

2. Operate our business efficiently so that we can maintain low rates for our customers, fair wages for all employees and a satisfactory return for our stock-holders.

3. Be honest and courteous to our customers, furnish dependable and continuous electric service, and keep the customers and public fully informed about our business.

4. Promote the welfare of all employees through the maintenance of good working conditions, equitable compensation, and provisions for future security.

5. Support and encourage the efforts of all employees which lead to a more satisfactory career in our business and a fuller and more rewarding life for them and their families in the communities in which they live.

